

BENEFITS BULLETIN

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BULLETIN NO: 12-05
SUBJECT: FERS Retirement Basics
TO: All Employees
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Are you under the Federal Employees Retirement System (FERS) but not sure what that means? You are probably not alone! FERS requires that you take an active role in securing your future and you're not able to do this if you don't understand your benefit. Here are a few basics to get you started. Click on the links provided below for additional information.

FERS is a retirement plan that provides benefits from three different sources:

1. FERS Basic Annuity
2. Social Security (SSA) benefit
3. Thrift Savings Plan (TSP)

What is the FERS Basic Annuity?

- It is a monthly annuity payable for life once eligibility is met
- The amount of annuity depends on salary, years of service, and age at retirement
- [Annuity formula](#) = 1% x years of service x high-3 average salary (1.1% at 62 w/20 yrs)
- [Annuity supplement](#) payable to some types of retirement
- You pay a payroll deduction of 0.8% of salary each pay period
- [Eligibility requirements](#) depend on what type of retirement you're taking - Voluntary, MRA+ 10, Early, Disability, Discontinued service, or Deferred
- [COLA's](#) do not begin until age 62 normally
- You can elect to provide a [survivor benefit](#)
- [More information on FERS](#)

What is the Social Security benefit?

- It is a monthly payment based on lifetime Social Security earnings
- With [40 credits earned](#), you are eligible for benefits as early as age 62
- [Full retirement age](#) is staggered
- Payroll deduction is 6.2% (reduced to 4.2% currently); shown as "OASDI tax" on [earnings & leave statement](#)
- Use the [Social Security Benefit calculator](#) to estimate your future benefit
- [More information on Social Security](#)

What is the Thrift Savings Plan (TSP)?

- It is the government version of a 401(k) account providing tax-deferred savings
- A [new Roth TSP option](#) will also be available soon with after tax funds
- You get a *free* [1% of salary](#) automatically even if you contribute nothing
- Contribute at least 5% and get a total of [5% matching](#) from the agency
- [Invest as much as possible early](#) in your career to take advantage of compounding
- TSP is the part of your retirement that *you* control
- There are numerous options for [withdrawal](#) at retirement
- [More information on TSP](#)

Will all of your service be creditable towards retirement?

It depends. You *must* pay a deposit to receive retirement service credit for the following:

- [Active Duty Military service](#)
- Temporary (non-deduction) service prior to 1-1-89
- Peace Corps or VISTA service
- Refunded service (this is new due to a [law change](#) in 2009)

Temporary (non-deduction) service from 1-1-89 to present is *not* creditable for retirement.

Once you meet retirement eligibility requirements, you will also receive credit for your sick leave. This is new due to a [law change](#) in 2009. Until 1-1-14 you receive credit for one-half of your sick leave balance; after that date you receive credit for your full sick leave balance.

Contact your [Benefits Specialist](#) to request a review of your service history and appropriate estimates if you think you owe a deposit. Once you know how much you owe and the impact to your annuity, you will be able to make an informed decision about payment.

Questions?

The information in this Bulletin is an overview and is not meant to provide complete details of the FERS retirement system. Contact your [Benefits Specialist](#) with any questions you may have regarding FERS, deposit service, etc. All Benefits Bulletins are posted on the Pay & Benefits webpage at <http://www.usgs.gov/humancapital/pb/benefitsbulletin.html>.